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Sessional Committee I

TRADE POLICIES, STRUCTURAL ADJUSTMENT AND ECONOMIC REFORM: INCREASED PARTICIPATION IN INTERNATIONAL TRADE IN GOODS AND SERVICES BY DEVELOPING COUNTRIES AND ECONOMIES IN TRANSITION: SOME PROBLEMS AND OPPORTUNITIES

Draft agreed conclusions submitted by the Chairman

In accordance with the provisions of paragraphs 63 (1) and 129 of the Cartagena Commitment, the Trade and Development Board, in its Sessional Committee I, discussed the issues and problems involved in increased participation of developing countries and of economies in transition in international trade in goods and services.

After discussion, the Committee agreed on the following elements:

1. Increased participation in the world economy by developing countries and economies in transition was of great importance. It involved both challenges and opportunities. Such participation would advance in parallel with growing globalization of activities of economic operators. It would be supported by liberalization of international trade on a broad basis as well as by a wider geographical distribution and intensification of foreign direct investment.

2. Integration into the world economy and the international trading system of developing countries and economies in transition will benefit all countries. Such integration will also enhance trade and investment activities between developing countries and economies in transition.

3. The important structural adjustment measures and economic reforms that had been undertaken by developing countries and economies in transition were welcomed. For national policies, the importance of various factors was underlined such as: efficient macroeconomic management, liberalization of the foreign trade sector consistent with national trade, financial and development needs; the promotion of domestic and foreign direct investment involving technology transfer and export market development; and an efficient financial sector. The significant differences between individual countries in undertaking economic reforms as well as integrating into the international trading system were recognized.

4. In order to improve market access and promote investment and technology flows, including non-debt creating investment, to developing countries and economies in transition national economic reforms need to be complemented by international measures, such as:

(i) full implementation of the Uruguay Round agreements and commitments;

(ii) making international institutions, such as the World Trade Organization (WTO), more globally representative in membership;

(iii) improvement of the schemes of the Generalized System of Preferences (GSP) to progress effectively with the implementation of the Cartagena Commitment and, in particular, its paragraphs 134 to 140;

(iv) enhancement of outward-oriented policies by integration groupings and their member States, supportive of the multilateral trading system and taking into account their effects on third countries, especially for weaker trading partners, in particular developing countries;

(v) international cooperation for trade facilitation and enhanced trade efficiency, including the dissemination of information and strengthened business to business links.

5. The international community should continue to support economic reforms through financial and technical assistance to overcome supply-side constraints and social implications of structural reforms as well as to strengthen the capacity for policy formulation, institution-building and human-resource development. Furthermore, General Assembly resolutions 46/202 and 47/187 were recalled with regard to the assurances given by the developed countries and multilateral financial institutions that the resources allocated to the economies in transition would not reduce or divert official development assistance from developing countries. Least developed countries required special consideration and support by the international community.

6. The value of UNCTAD's on-going activities was recognized and it was considered that UNCTAD should continue to play an important role in facilitating the processes of countries' integration into the world economy by providing a forum for intergovernmental consultations, preparing timely analyses and identifying new opportunities for trade, investment and technological cooperation, inter alia, between developing countries and economies in transition. Technical assistance activities in such areas as international negotiations, implementation of the Uruguay Round agreements, regional integration, and specific projects of cooperation between developing countries and economies in transition should be continued and intensified, upon request. Such activities should take account of UNCTAD's resource availability, in particular of extra-budgetary resources, and priorities as outlined in the Cartagena Commitment. The United Nations Development Programme, other international financial institutions and developed countries should consider their possibilities to provide support to such projects.